

United States Attorney's Office, Eastern District

PRESS RELEASE: Coal mine operator indicted on mail fraud

April 2, 2010

Lexington, KY. —Edwin J. Walbourn III, United States Attorney for the Eastern District of Kentucky, and Elizabeth Fries, Special Agent in Charge, Federal Bureau of Investigation, jointly announced today that the operator of a coal mine company in Prestonsburg, Ky. was indicted yesterday for five counts of mail fraud.

According to the indictment, 52-year-old Pamela Allen is listed as the sole officer of Sly Branch Energy (SBE), an underground coal mine operation which contracted to extract coal in Floyd County and other areas in Eastern Kentucky.

From May of 2004 until May of 2005, Allen allegedly under reported monthly payroll and the number of coal miners working for her to Kentucky Employers Mutual Insurance (KEMI). By doing this, she paid KEMI less than full value for workers compensation insurance.

Allen allegedly furthered her scheme through a purported trucking company called Altrite. Allen, who is listed as the sole officer of Altrite, never purchased workers compensation insurance for the company and placed many of her SBE employees on Altrite's payroll. This allowed her to under report SBE's payroll and its true number of employees to KEMI.

While Altrite was known as a trucking company, it never owned any trucks or never hauled any materials according to the indictment.

The investigation preceding the indictment was conducted by the Federal Bureau of Investigation and the Kentucky Employers Mutual Insurance. The indictment was presented to the grand jury by Assistant United States Attorney Patrick H. Molloy.

Allen's appearance before the United States District Court has not yet been set by the court in Lexington, Ky. If convicted, Allen faces a maximum prison sentence of 20 years.

However, any sentence following conviction would be imposed by the court after consideration of the United States Sentencing Guidelines and the federal statute governing the imposition of sentences.

The indictment of a person by a grand jury is an accusation only, and that person is presumed innocent unless proven guilty.